

ASSEMBLY BILL

No. 187

**Introduced by Assembly Members Lara and Smyth
(Principal coauthor: Assembly Member Alejo)**

January 25, 2011

An act to add Section 8546.10 to the Government Code, relating to state government.

LEGISLATIVE COUNSEL'S DIGEST

AB 187, as introduced, Lara. State Auditor: audits: high-risk local government agency audit program.

Existing law authorizes the State Auditor to establish a high-risk government agency audit program for the purpose of identifying, auditing, and issuing reports on any agency of the state that the State Auditor identifies as being at high risk for the potential of waste, fraud, abuse, and mismanagement or that has major challenges associated with its economy, efficiency, or effectiveness.

This bill would authorize the State Auditor to establish a high-risk local government agency audit program to identify, audit, and issue reports on any local government agency, including any city, county, or special district, or any publicly created entity that the State Auditor identifies as being at high risk for the potential of waste, fraud, abuse, or mismanagement or that has major challenges associated with its economy, efficiency, or effectiveness. The bill would also authorize the State Auditor to consult with the State Controller, Attorney General, and other state agencies in identifying local government agencies that are at high risk.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 8546.10 is added to the Government Code, to read:

8546.10. (a) The State Auditor may establish a high risk local government agency audit program for the purpose of identifying, auditing, and issuing reports on any local government agency, including, but not limited to, any city, county, special district, or any publicly created entity, whether created by the California Constitution or otherwise, that the State Auditor identifies as being at high risk for the potential of waste, fraud, abuse, or mismanagement or that has major challenges associated with its economy, efficiency, or effectiveness.

(b) In addition to identifying a local government agency as high risk on the basis of weaknesses identified in audit and investigative reports produced by the bureau, the State Auditor may consult with the Controller, Attorney General, and other state agencies that have oversight responsibilities over any local government agency, in identifying local governments that are at high risk.

(c) The State Auditor shall notify the Joint Legislative Audit Committee whenever it identifies a local government as at high risk.

(d) Notwithstanding the requirements of Section 10231.5, if the State Auditor establishes the program provided for in this section and the State Auditor determines that a local agency is at high risk, the State Auditor shall issue audit reports at least once every two years with recommendations for improvement in such a local government so identified.